

April 13, 2012

Mr. Monte Woolstenhulme
Teton School District #401
PO Box 775
Driggs, ID 83422

Hi Monte,

Thank you for the opportunity of proposing our appraisal service to Teton School District. This package is subsequent to the email sent of this proposal for construction valuation, contents inventory, and an option for bar code tagging update. The previous appraisal that was completed on your school district in October 2007. To stay compliant with GASB Statement #34, school districts typically have their inventory and buildings appraised every 3-5 years. In addition, this proposal includes a short reference list of other school districts that we have done in Idaho. This list may show some of your local colleagues.

This proposal is based on the information faxed, our previous appraisal records, student enrollment of 1,618, and building(s) listed on page 29 of our proposal. It is estimated that our field inspection would take approximately 5-6 days.

Our records also indicate that had also been done bar code tagging for the school district. We offering to update these records as well. Upon further research, we will need to determine if additional tags will need to be ordered prior to scheduling the project. Previously 5,000 tags were ordered. This quantity may not need to be ordered again. Typically, 1,500 tags will cost \$250. plus shipping.

At this point you may be contemplating why have an 3rd party appraisal company complete our equipment contents valuations. In summary, 1) We have an experienced staff that completes the appraisal report with accuracy, detail and in compliance with GASB #34, 2) Less responsibility and stress on the staff, 3) Independent verification of contents and values. 4) Many school districts have found that our service is more effective use of their time than performing their fixed asset inventory in-house.

Upon acceptance of our proposal, we would schedule your project in conjunction with other school district or municipalities in your region to minimize expenses. At this point, we are estimating additional projects in north eastern Idaho to commence mid summer.

Please call if you have any questions.

Cordially,



Garry Gambill, Sales Manager

WHY DO SCHOOL DISTRICTS NEED AN APPRAISAL ?

- **Insurance Values**

Insuring to true replacement value is essential to proper coverage.

- Too much insurance wastes premium dollars.
- Too little insurance risks severe penalties in the case of a loss.

- **Proof of loss**

When a loss occurs, it is the insured who must prepare a list of items destroyed and their value at the time of loss. A detailed appraisal report provides that.

- **Property Management**

A detailed inventory of buildings and equipment offers invaluable assistance in:

- Budgeting
- Audits & Accounting
- Security
- General Business Management
- Grants
- Bar Code Tagging

- **GASB Statement # 34**

- Fund and Account Code Tracking
- Accounting depreciation amounts
- Original costs & assigned life expectancy
- All fixed assets including Infrastructure

SAMPLE SAVINGS OF INSURANCE WITH A PROFESSIONAL VALUATION

<u>Professional Appraisal</u>	<u>Values "Guess"-timation</u>
\$6,000,000.	\$8,400,000.
<u>Premium</u>	<u>Premium</u>
\$10,000.	\$14,896.

Result:

Premium over-payment by \$4,896./year.

More than enough to pay for a professional appraisal.

If a total loss had occurred, the Insurance Company would have hired a professional appraiser to verify the \$6M and then paid the \$6M minus any deductible and minus any co-insurance.

POTENTIAL INSURANCE RISK WITHOUT A PROFESSIONAL VALUATION

<u>Professional Appraisal</u>	<u>Values "Guess"-timation</u>
\$8,400,000.	\$6,000,000.
<u>Premium</u>	<u>Premium</u>
\$14,896.	\$10,000.

Result:

Premiums are lower because you are not insuring to the full value.

(You are under insured by 40% or \$2,400,000.)

If a total loss occurred, the Insurance Company would pay the face value of the policy(\$6M) minus any deductible and minus any co-insurance regardless of actual appraised value and the insured would be short \$2,400,000.